



COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

ONE SOUTH STATION
BOSTON, MA 02110
(617) 305-3500

ARGEO. PAUL CELLUCCI
GOVERNOR

JANE SWIFT
LIEUTENANT GOVERNOR

JENNIFER DAVIS CAREY
DIRECTOR OF CONSUMER AFFAIRS
AND BUSINESS REGULATION

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Contact: Rob Wilson
(617) 305-3523

DTE RECOMMENDS APPROVAL OF VERIZON LONG DISTANCE BID

In a 413-page report filed today, the Massachusetts Department of Telecommunications and Energy (DTE) recommended that the Federal Communications Commission (FCC) grant Verizon's application to provide long distance services in Massachusetts. Verizon filed its application with the FCC on September 22, 2000, for authorization under Section 271 of the Telecommunications Act of 1996 (Act). The Act gives the FCC authority to decide, on a state-by-state basis, whether Bell Operating Companies (BOC's) should be allowed to offer long distance service, which BOC's have been prohibited from doing since the breakup of AT&T in 1984. In making its decision, the FCC must consult with the state's telephone regulator and with the United States Department of Justice (DOJ). The DOJ's evaluation of Verizon's Massachusetts application will be filed with the FCC by October 27, and the FCC is expected to make its decision this December.

The DTE has investigated Verizon's compliance with Section 271 of the Act for over 16 months. The Department's investigation included five days of hearings across Massachusetts to gather public comment, almost 30 days of technical sessions with both Verizon and its competitors, over a thousand information requests, and thousands of pages of filings and testimony. The DTE's evaluation included a comprehensive test

of Verizon's operation support systems (OSS). Access to these OSS systems is essential for Verizon's competitors to compete effectively with Verizon. OSS testing was conducted by a third-party evaluator, KPMG Consulting, acting under DTE supervision. The KPMG test culminated in a 700-page report and demonstrates that Verizon's OSS systems provide competitive phone companies with a genuine opportunity to compete.

The DTE also has established a Performance Assurance Plan. Under this plan Verizon must meet specified performance standards for services to competitors or will face up to \$147 million per year in financial penalties.

The DTE's 413-page report to the FCC provides a detailed analysis of Verizon's compliance with the requirements of the Act. The DTE concluded that with open markets in Massachusetts and the prospect for additional choices in the long distance market, approval of Verizon's application is in the public interest.

DTE Chairman James Connelly said, "Verizon has unquestionably met the requirements in Section 271 of the Telecommunications Act of 1996. There is significant competition for local telephone service in Massachusetts, and the structural conditions are in place for that competition to develop even more rapidly in the future. Allowing Massachusetts customers the option of choosing Verizon for their long distance service will provide significant customer benefits and will not harm competition in the local telephone market. So it is clear to the DTE that the FCC should approve this application."

"Consumer benefits have accrued in New York and, more recently, in Texas, since the FCC approved the Section 271 applications of the Bell Operating Companies in those states," the DTE Chairman noted, "If New York and Texas are harbingers - and there is sound reason to conclude they are - Massachusetts consumers will benefit from FCC approval."